

# *Township of Casco*

**St. Clair County, Michigan**

Audited Financial Report  
March 31, 2006

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Casco	County St. Clair County
Fiscal Year End March 31, 2006	Opinion Date June 27, 2006	Date Audit Report Submitted to State August 17, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.


We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

**YES** **NO** Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Lehn L. King, C.P.A.	Telephone Number 989-635-3113		
Street Address 3531 Main Street	City Marlette	State MI	Zip 48453
Authorizing CPA Signature 	Printed Name Lehn King	License Number A248781	

**Township of Casco**  
Annual Financial Report  
For The Fiscal Year Ended March 31, 2006

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# LEHN L. KING

CERTIFIED PUBLIC ACCOUNTANT

3531 MAIN STREET  
MARLETTE, MICHIGAN 48453

Phone 989-635-3113  
Fax 989-635-5580

Members of the Township Board  
**Casco Township**  
St. Clair County, Michigan

## **Independent Auditor's Report**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Casco, Michigan as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Casco, Michigan's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Casco, Michigan as of March 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

The Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Casco, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 1, the Township implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of April 1, 2003.

*Lehn King*

Lehn L. King  
Certified Public Accountant

June 27, 2006

# Township of Casco

## Casco, Michigan

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### MANAGEMENT'S DISCUSSION AND ANALYSIS LETTER

Our discussion and analysis of the Township of Casco's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2006. Please read it in conjunction with the Township's financial statements.

#### Financial Highlights

The Township is in a good financial position with a General Fund Balance of \$573,689.

#### Using this Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No.34. GASB Statement 34 implements a new model of financial reporting for state and local governments designed to enhance the usefulness of the Township's annual report.

#### The Township as a Whole

The Township of Casco's fund balances are as follows:

	<b>March 31, 2006</b>	<b>March 31, 2005</b>
General Fund	\$ 573,689	\$ 562,394
Parks & Recreation Fund	377,131	347,605
Liquor Enforcement Fund	9,433	8,742
Total for Township	<u>\$ 960,253</u>	<u>\$ 918,741</u>

# Township of Casco

## Casco, Michigan

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### Governmental Activities

The Township of Casco's Revenues and Expenditures can be summarized as follows:

	<u>General Fund</u>	<u>Parks &amp; Recreation Fund</u>	<u>Liquor Law Enforcement Fund</u>	<u>Total Governmental Activities</u>
<b>Fund Balance - Beginning of Year</b>	\$ 562,393	\$ 347,605	\$ 8,742	\$ 918,740
<b>Revenue Collected</b>				
Intergovernmental Revenue	324,460	18,001	3,890	346,351
Property Taxes	146,637	-	-	146,637
Permits & Fees	43,595	-	-	43,595
Charges for Services	6,367	-	-	6,367
Other	67,328	11,525	82	78,935
Total Revenue Collected	<u>588,387</u>	<u>29,526</u>	<u>3,972</u>	<u>621,885</u>
<b>Expenditures</b>				
General Government	271,232	-	-	271,232
Public Safety				
Fire	91,884	-	-	91,884
Building Department	46,635	-	-	46,635
Other	34,965	-	3,282	38,247
Public Works				
Roads & Drains	120,780	-	-	120,780
Other	4,094	-	-	4,094
Recreation & Culture	-	-	-	-
Capital Outlay	7,500	-	-	7,500
Total Expenditures	<u>577,090</u>	<u>-</u>	<u>3,282</u>	<u>580,372</u>
<b>Fund Balance - End of Year</b>	<u><u>\$ 573,690</u></u>	<u><u>\$ 377,131</u></u>	<u><u>\$ 9,432</u></u>	<u><u>\$ 960,253</u></u>

# Township of Casco

## Casco, Michigan

### Economic Factors and Next Year's Budget and Rates

The Township of Casco's 2006/2007 adopted budget is as follows:

	<b>General Fund</b>		<b>Park Fund</b>	
	<b>March 31,</b>		<b>March 31,</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Budgeted Balance Forward	200,000	82,699	-	-
<b>Revenue</b>				
Property Taxes	128,000	118,000	18,001	17,152
Intergovernmental Revenue	320,000	320,000	-	-
Charges for Services	57,000	58,000	-	-
Sale of Capital Assets	-	-	-	-
Other	35,050	31,350	5,480	1,174
Total Funds Available	740,050	610,049	23,481	18,326
<b>Expenditures</b>				
General Government	374,116	281,949	-	-
Public Safety - Fire	100,000	94,000	-	-
Public Safety - Building Department	62,282	49,600	-	-
Public Safety - Other	33,000	22,000	-	-
Public Works - Roads & Drains	154,500	154,500	-	-
Parks & Recreation	-	-	20,000	20,000
Capital Outlay	8,000	8,000	-	-
Transfers	-	-	-	-
Total Expenditures	731,898	610,049	20,000	20,000
<b>Net Over/Under Budget</b>	<b>\$ 8,152</b>	<b>\$ -</b>	<b>\$ 3,481</b>	<b>\$ (1,674)</b>

The Township of Casco's General Fund budget for next year is approximately the same budget as a year ago.

### Contacting the Township

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Township office at 4512 Meldrum Road, Casco, Michigan or by telephone at (586) 727-7524

Karen Holk  
Township of Casco Supervisor

**Township of Casco**  
Statement of Net Assets (Deficit)  
March 31, 2006

	<u><b>Primary Government Governmental Activities</b></u>
<b><u>Assets</u></b>	
Cash & Cash Equivalents	\$ 898,199.61
Accounts Receivable	63,514.34
Due From Other Funds	1,887.50
Capital Assets	
Nondepreciable Capital Assets	219,514.00
Depreciable Capital Assets	<u>51,251.06</u>
Total Assets	1,234,366.51
<b><u>Liabilities</u></b>	
Accounts Payable	3,348.47
Due to Other Governmental Units	<u>-</u>
<b><u>Total Liabilities</u></b>	<u>3,348.47</u>
<b>Net Assets (Deficit)</b>	
Invested in Capital Assets - Net of Related Debt	270,765.06
Restricted:	
Reserved for Parks & Recreation	377,131.13
Unrestricted	<u>583,121.85</u>
<b><u>Total Net Assets (Deficit)</u></b>	<u><u>\$ 1,231,018.04</u></u>

The notes are an integral part of the statements.



**Township of Casco**  
Statement of Activities  
For the Year Ended March 31, 2006

		Program Revenues			Net (Expense) Revenue & Changes in Net Assets
		Charges for	Operating	Capital	Primary Government
	Expenses	Services	Grants & Contributions	Grants & Contributions	Governmental Activities
<b><u>Functions/Programs</u></b>					
Primary Government:					
Governmental Activities:					
General Government	\$ 275,706.54	\$ -	\$ -	\$ -	\$ (275,706.54)
Public Safety	176,765.44	58,334.33	-	-	(118,431.11)
Public Works	124,874.56	-	-	-	(124,874.56)
Interest on Long-Term Debt	-	-	-	-	-
<u>Total Governmental Activities</u>	<u>577,346.54</u>	<u>58,334.33</u>	<u>-</u>	<u>-</u>	(519,012.21)
<b>General Revenues:</b>					
Property Taxes					\$ 146,636.63
Intergovernmental Revenues					346,350.77
Interest					26,964.90
Other Revenues					43,596.94
Transfers					-
Total General Revenues, Special Items & Transfers					<u>563,549.24</u>
<b>Change in Net Assets</b>					44,537.03
<b>Net Assets (Deficit) - Beginning of Year</b>					<u>1,186,481.01</u>
<b>Net Assets (Deficit) - End of Year</b>					<u>\$ 1,231,018.04</u>

The notes are an integral part of the statements.

# Township of Casco

Balance Sheet  
Governmental Funds  
March 31, 2006

<u>Assets</u>	<u>General Fund</u>	<u>Parks &amp; Recreation Fund</u>	<u>Liquor Law Enforcement Fund</u>	<u>Total Governmental Funds</u>
Cash & Cash Equivalents	\$ 511,635.69	\$ 377,131.13	\$ 9,432.79	\$ 898,199.61
Accounts Receivable	63,514.34	-	-	63,514.34
Due From Other Funds	1,887.50	-	-	1,887.50
<u>Total Assets</u>	<u>\$ 577,037.53</u>	<u>\$ 377,131.13</u>	<u>\$ 9,432.79</u>	<u>\$ 963,601.45</u>
<b><u>Liabilities &amp; Fund Equity</u></b>				
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 3,348.47	\$ -	\$ -	\$ 3,348.47
Due To Other Governmental Units	-	-	-	-
<u>Total Liabilities</u>	<u>3,348.47</u>	<u>-</u>	<u>-</u>	<u>3,348.47</u>
<b><u>Fund Equity</u></b>				
Fund Balances:				
Reserved:				
Parks & Recreation	-	377,131.13	-	377,131.13
Liquor Law Enforcement	-	-	9,432.79	9,432.79
Construction Code Enforcement	41,506.00	-	-	41,506.00
Unreserved - Undesignated	532,183.06	-	-	532,183.06
<u>Total Fund Equity</u>	<u>573,689.06</u>	<u>377,131.13</u>	<u>9,432.79</u>	<u>960,252.98</u>
<u>Total Liabilities &amp; Fund Equity</u>	<u>\$ 577,037.53</u>	<u>\$ 377,131.13</u>	<u>\$ 9,432.79</u>	<u>\$ 963,601.45</u>

The notes are an integral part of the statements.

**Township of Casco**  
Governmental Funds  
Reconciliation of Fund Balances to the  
Statement of Net Assets (Deficit)  
For The Year Ended March 31, 2006

<b>Total Fund Balances for Governmental Funds &amp; Equipment Fund</b>	\$ 960,252.98
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Amounts reported for governmental activities in the statement of  
net assets (deficit) are different because:

Capital Assets used in Governmental Activities are not financial resources and are not reported in the Funds	<u>270,765.06</u>
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<b>Net Assets of Governmental Activities</b>	<u><u>\$ 1,231,018.04</u></u>
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The notes are an integral part of the statements.

**Township of Casco**  
Statement of Revenues, Expenditures  
And Changes in Fund Balances  
Governmental Funds  
For The Year Ended March 31, 2006

	<b>General Fund</b>	<b>Parks &amp; Recreation Fund</b>	<b>Liquor Law Enforcement Fund</b>	<b>Total Governmental Funds</b>
<b><u>Revenues</u></b>				
Property Taxes	\$ 146,636.63	\$ -	\$ -	\$ 146,636.63
Intergovernmental Revenues	324,460.00	18,000.62	3,890.15	346,350.77
Licenses, Permits, & Fees	43,594.68	-	-	43,594.68
Charges for Services	6,366.54	-	-	6,366.54
Interest Earnings	15,357.59	11,525.25	82.06	26,964.90
Fire Run Reimbursements	8,373.11	-	-	8,373.11
Rents & Royalties	24,868.16	-	-	24,868.16
Other Revenues	18,728.78	-	-	18,728.78
<u>Total Revenues</u>	<u>588,385.49</u>	<u>29,525.87</u>	<u>3,972.21</u>	<u>621,883.57</u>
<b><u>Expenditures</u></b>				
General Government	271,231.60	-	-	271,231.60
Public Safety	173,483.68	-	3,281.76	176,765.44
Public Works	124,874.56	-	-	124,874.56
Capital Outlay	7,500.00	-	-	7,500.00
<u>Total Expenditures</u>	<u>577,089.84</u>	<u>-</u>	<u>3,281.76</u>	<u>580,371.60</u>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	11,295.65	29,525.87	690.45	41,511.97
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In (Out)	-	-	-	-
<b><u>Net Change in Fund Balances</u></b>	11,295.65	29,525.87	690.45	41,511.97
<b><u>Fund Balances - Beginning of Year</u></b>	<u>562,393.41</u>	<u>347,605.26</u>	<u>8,742.34</u>	<u>918,741.01</u>
<b><u>Fund Balances - End of Year</u></b>	<u>\$ 573,689.06</u>	<u>\$ 377,131.13</u>	<u>\$ 9,432.79</u>	<u>\$ 960,252.98</u>

The notes are an integral part of the statements.

**Township of Casco**  
Governmental Funds  
Reconciliation of Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For The Year Ended March 31, 2006

**Net Change in Fund Balances - Total Governmental Funds & Equipment Fund**      \$    41,511.97

Amounts reported for Governmental Activities in the Statement of  
Activities are different because:

Governmental Funds report Capital Outlays as Expenditures  
in the Statement of Activities, these costs are capitalized and  
allocated over their estimated useful lives as Depreciation      7,500.00

Depreciation is an Expenditures for the Statement of  
Activities, but is not reported in the Governmental Funds      (4,474.94)

**Net Assets of Governmental Activities**      \$    44,537.03

The notes are an integral part of the statements.

**Township of Casco**  
Statement of Net Assets (Deficit)  
Fiduciary Funds  
March 31, 2006

	<b>Fiduciary Fund Types</b>		
	<b>Agency Funds</b>		
	<b>Trust &amp; Agency Fund</b>	<b>Current Tax Collection Fund</b>	<b>Totals March 31, 2005</b>
<b><u>Assets</u></b>			
Cash - Savings & Certificates	\$ 41,767.68	\$ 2,255.62	\$ 44,023.30
Due From Other Funds	-	-	-
<b><u>Total Assets</u></b>	<b>\$ 41,767.68</b>	<b>\$ 2,255.62</b>	<b>\$ 44,023.30</b>
<b><u>Liabilities &amp; Fund Balance</u></b>			
<b><u>Liabilities</u></b>			
Due To General Fund	\$ -	\$ 1,887.50	\$ 1,887.50
Due To Others	41,767.68	368.12	42,135.80
<b><u>Total Liabilities</u></b>	<b>41,767.68</b>	<b>2,255.62</b>	<b>44,023.30</b>
<b><u>Fund Balances</u></b>			
Unreserved & Undesignated	-	-	-
<b><u>Total Fund Balances</u></b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Total Liabilities &amp; Fund Balances</u></b>	<b>\$ 41,767.68</b>	<b>\$ 2,255.62</b>	<b>\$ 44,023.30</b>

The notes are an integral part of the statements.

**Township of Casco**  
Notes to the Financial Statements  
For The Year Ended March 31, 2006

The accounting methods and procedures adopted by the Township of Casco, St. Clair County, Michigan, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Townships Comprehensive Annual Financial Report.

**1. Summary of Significant Accounting Policies**

**Financial Reporting Entity**

The Township of Casco was incorporated under the laws of the State of Michigan and operates as a General Law Township, with a Township Board form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township of Casco (the primary government) and its component units. The component units discussed below are included in the Township reporting entity because of the significance of their operational or financial relationships with the Township.

**Government-wide and Fund Statements Fund**

The Government-wide Financial Statements (i.e., the Statement of Net Assets (Deficit) and the Statement of Activities) report information on all the nonfiduciary activities of the Township (the primary government). The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other revenue items properly excluded from program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, and Fiduciary Funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

**General Fund** - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Liquor Law Enforcement Fund** – This fund accounts for specific revenue sources that are legally restricted to expenditures for liquor law enforcement.

**Parks and Recreation Fund** – This fund accounts for financial resources to be used for the acquisition and development of park land.

Additionally, the Township reports the following fund types:

**Agency Funds** – These funds account for assets held for others in an agency capacity.

**Township of Casco**  
Notes to the Financial Statements  
For The Year Ended March 31, 2006

**1. Summary of Significant Accounting Policies - Continued**

**Measurement Focus and Basis of Accounting**

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenues, special assessments, licenses, charges for services, and interest. All other revenue items are considered to be available only when cash is received by the Township. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

**Cash** - The Township does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Township's investments.

**Investments** - Debt securities are valued at cost since it is generally the policy of the Township to hold such investments until they mature.

**Due to and Due from Other Funds** - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

**Property Tax Revenues** - Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

**Vacation, Sick Leave, & Other Compensated Absences** - The Township has an agreement with its full-time employees which allows for one week of vacation after one year and two weeks of vacation after two years of service. Any unused vacation days at the end of the year are forfeited. The Township does not have any other agreements for sick or other compensated absences with its employees or elected officials.

**Inventories and Prepaid Items** - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both Government-wide and Fund Financial Statements.

**Capital Assets** - Capital assets, which include buildings and equipment, are reported in the applicable governmental column in the Government-wide Financial Statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings & Building Improvements	10 to 50 years
Machinery & Equipment	10 years



**Township of Casco**  
Notes to the Financial Statements  
For The Year Ended March 31, 2006

**1. Summary of Significant Accounting Policies - Continued**

**Long-Term Obligations** - In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, issuance costs, and the deferred amount on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Accounting Changes**

**GASB Statement No. 34** – Effective April 1, 2003, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.
- Government-wide Financial Statements (statement of net assets (deficit) and statement of activities) prepared using full accrual accounting for all of the Township's activities have been provided.
- Capital assets in the governmental activities column of the statement of net assets (deficit) includes assets not previously accounted for by the Township. In addition, the governmental activities column includes bonds and other long-term obligations, previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

**Township of Casco**  
Notes to the Financial Statements  
For The Year Ended March 31, 2006

**2. Stewardship, Compliance, and Accountability**

**Budgetary Information**

The Township is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Prior to April 1, the Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing April 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted.
4. The budget is used by the Township Board as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level.
5. Budget amounts are as originally adopted, and as amended by the Township Board.

In the body of the financial statements, the Township actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budget was adopted to the department level. Budgets for these funds are shown in the supplemental schedules to this statement.

During the year ended March 31, 2006, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u><b>Total Appropriations</b></u>	<u><b>Amount of Expenditures</b></u>	<u><b>Budget Variance</b></u>
<b>General Fund</b>			
Township Administration	\$ 62,820	\$ 73,584	\$ 10,764
Supervisor	26,000	26,025	25
Assessor	24,300	26,176	1,876
Cemetery Maintenance	1,500	1,736	236
Professional Services	46,000	46,537	537
Planning & Zoning	20,400	26,914	6,514
Public Works - Other	4,000	4,094	94
<b>Liquor Law Enforcement Fund</b>			
Liquor Law Inspector	3,168	3,282	114

**Township of Casco**  
Notes to the Financial Statements  
For The Year Ended March 31, 2006

**3. Cash and Investments**

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated four banks for the deposit of Township funds. The investment policy adopted by the board was in accordance with Public Act 196 of 1997. The Board has authorized investment in bank accounts and CDs, but not the remainder of State statutory authority as listed above. The Township's deposits are in accordance with statutory authority. All cash deposits and investments of the Township are held by the Township in the Township's name.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary - Trust &amp; Agency Funds</u>	<u>Total Primary Government</u>
Cash & Cash Equivalents	\$ 898,200	\$ 44,023	\$ 942,223

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (Checking & Savings Accounts, CDs)	\$ 942,223

The bank balance of the primary government's deposits is \$942,223, of which \$307,003 is covered by federal depository insurance and \$-0- is collateralized with U.S. Treasury securities held by the pledging financial institution's trust department in the Township's name.

The GASB Statement 3 risk disclosures for the Local Unit's investments are as follows:

	<u>Category</u>			<u>Carrying Value</u>
	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	
Investments	\$ NONE	\$ NONE	\$ NONE	\$ NONE

The cash and investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1	Insured or registered, or securities held by the Township or its agent in the Township's name.
Category 2	Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.
Category 3	Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

**Township of Casco**  
Notes to the Financial Statements  
For The Year Ended March 31, 2006

**4. Property Taxes**

The Township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of December of the levy year and might be paid by the following February 14.

Property taxes are recognized in compliance with NCGAI-3 which states that such revenue is recorded when it becomes measurable and available.

The Township levied the following taxes:

General Government Services	<u>0.7818</u> mills
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**5. Interfund Receivables, Payables, & Transfers**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from other funds" or "Due to other funds" on the balance sheet. The amounts of interfund receivables and payables are as follows:

	<b><u>Due From Other Funds</u></b>		<b><u>Due To Other Funds</u></b>
General Fund	\$ 1,888	Tax Collection Fund	\$ 1,888
Total	<u>\$ 1,888</u>		<u>\$ 1,888</u>

Interfund Transfers reported in the Fund Statements are as follows:

**NONE**

**Township of Casco**  
Notes to the Financial Statements  
For The Year Ended March 31, 2006

**6. Capital Assets**

Capital assets activity of the Township's governmental activities was as follows:

	<u>Balance April 1, 2005</u>	<u>Additions</u>	<u>Disposals &amp; Adjustments</u>	<u>Balance March 31, 2006</u>
Governmental Activities:				
Capital Assets not being Depreciated:	\$ 219,514	\$ -	\$ -	\$ 219,514
Capital Assets being Depreciated:				
Buildings & Building Improvements	\$ 93,992	\$ -	\$ -	\$ 93,992
Machinery & Equipment	23,451	7,500	-	30,951
Total Capital Assets being Depreciated	<u>117,443</u>	<u>7,500</u>	<u>-</u>	<u>124,943</u>
Accumulated Depreciation:				
Buildings & Building Improvements	(56,400)	(1,880)	-	(58,280)
Machinery & Equipment	<u>(21,159)</u>	<u>(2,595)</u>	<u>-</u>	<u>(23,754)</u>
Total Accumulated Depreciation	<u>(73,388)</u>	<u>(4,475)</u>	<u>-</u>	<u>(82,034)</u>
Net Capital Assets being Depreciated	<u>44,055</u>	<u>3,025</u>	<u>-</u>	<u>42,909</u>
<b>Net Total Capital Assets</b>	<u><u>\$ 263,569</u></u>	<u><u>\$ 3,025</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 262,423</u></u>

Depreciation expense was charged to programs of the primary government as follows:

**Governmental Activities:**

General Government	<u>\$ 4,475</u>
Total Governmental Activities	<u><u>\$ 4,475</u></u>

**7. Long-Term Debt**

The Township does not have any Long-Term Debt.

**Township of Casco**  
Notes to the Financial Statements  
For The Year Ended March 31, 2006

**8. Reserves, Designations, and Restrictions of Fund Balance and Net Assets**

*Reserves*- Reserved fund balances are legal restrictions on fund balance imposed by sources outside the Township, which typically involve donor restrictions for specific purposes on Township financial resource.

*Designations* - Designated fund balances are restrictions imposed by the Township on the use of fund balance for specific purposes.

*Restricted Net Asset* - Restricted Net Assets on the Statement of Net Assets are similar to reserved fund balance in that a portion of net assets are legally restricted for a specific purpose as imposed by sources outside of the Township.

The schedule of reserved, designated and restricted fund balance and net assets is as follows:

	<u>Reserved Fund Balance</u>	<u>Restricted Net Assets</u>
<b>Governmental Activities:</b>		
Parks & Recreation	\$ 377,131	\$ 377,131
Liquor Law Enforcement	9,433	-
Construction Coder Enforcement	38,466	-
	<u>\$ 425,030</u>	<u>\$ 377,131</u>

**9. Defined Contribution Retirement Plan**

The Township provides pension benefits to all of its elected officials and full-time employees through a defined contribution plan, the "Casco Township Fringe Benefit Plan", held and administered by American Skandia. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of employment. The Township contributes fifteen percent of employees' gross earnings. The Township's contributions for each employee, plus interest allocated to the employees account, are fully vested immediately. Employees do not contribute to the Plan.

Pension benefits and contribution requirements are established and may be amended by the Township Board. For the year ended March 31, 2006, the Township's required and actual contribution was \$15,838.98.

**10. Deficit Fund Balance or Retained Earnings Balances of Individual Funds**

None

**11. Post Employment Benefits**

The Township does not provide any post employment benefits other than pension benefits through American Skandia (See Note 9).

**Township of Casco**  
Notes to the Financial Statements  
For The Year Ended March 31, 2006

**12. Risk Management**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Township has purchased commercial insurance for the various risks of loss stated above.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

**13. Contingent Liabilities**

The Township is involved in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Township that resolution of these matters will not have a material adverse effect on the financial condition of the Township.

### **Required Supplemental Information**



**Township of Casco**  
Required Supplemental Information  
Budgetary Comparison Schedule  
General Fund  
For The Year Ended March 31, 2006

	General Fund			
	Original	Amended		Variance with
	Budget	Budget	Actual	Amended
<b>Revenues</b>				Budget
Property Taxes	\$ 120,350.00	\$ 120,350.00	\$ 146,636.63	\$ 26,286.63
State Shared Revenues	320,000.00	320,000.00	324,460.00	4,460.00
Charges for Services	12,000.00	12,000.00	6,366.54	(5,633.46)
Licenses, Fee & Permits	40,000.00	40,000.00	43,594.68	3,594.68
Interest Earnings	4,000.00	4,000.00	15,357.59	11,357.59
Fire Run Reimbursements	6,000.00	6,000.00	8,373.11	2,373.11
Rents & Royalties	20,000.00	20,000.00	24,868.16	4,868.16
Other Revenues	5,000.00	5,000.00	18,728.78	13,728.78
<b>Total Revenues</b>	<b>527,350.00</b>	<b>527,350.00</b>	<b>588,385.49</b>	<b>61,035.49</b>
<b>Expenditures</b>				
<b>General Government</b>				
Township Board	3,700.00	3,700.00	3,458.56	241.44
Township Administration	62,820.00	62,820.00	73,584.44	(10,764.44)
Clerk	28,802.00	30,180.00	27,857.63	2,322.37
Treasurer	31,052.00	32,430.00	31,194.64	1,235.36
Supervisor	22,200.00	26,000.00	26,024.92	(24.92)
Assessor	24,300.00	24,300.00	26,175.76	(1,875.76)
Cemetery Maintenance	1,500.00	1,500.00	1,735.50	(235.50)
Professional Services	46,000.00	46,000.00	46,537.01	(537.01)
Board of Review	1,000.00	1,000.00	592.50	407.50
Township Hall Expense	38,350.00	31,794.00	23,905.64	7,888.36
Insurance & Bonds	11,325.00	11,325.00	10,165.00	1,160.00
<b>Total General Government</b>	<b>271,049.00</b>	<b>271,049.00</b>	<b>271,231.60</b>	<b>(182.60)</b>
<b>Public Safety</b>				
Fire Protection	94,000.00	94,000.00	91,884.87	2,115.13
Planning & Zoning	20,400.00	20,400.00	26,913.77	(6,513.77)
Protective Inspections	49,600.00	49,600.00	46,635.01	2,964.99
Street Lights	7,000.00	7,000.00	6,970.03	29.97
Board of Appeals	1,500.00	1,500.00	1,080.00	420.00
<b>Total Public Safety</b>	<b>172,500.00</b>	<b>172,500.00</b>	<b>173,483.68</b>	<b>(983.68)</b>
<b>Public Works</b>				
Road Maintenance	150,000.00	150,000.00	118,180.41	31,819.59
Drains At Large	4,500.00	4,500.00	2,600.00	1,900.00
Other	4,000.00	4,000.00	4,094.15	(94.15)
<b>Total Public Works</b>	<b>158,500.00</b>	<b>158,500.00</b>	<b>124,874.56</b>	<b>33,625.44</b>
<b>Capital Outlay</b>	<b>8,000.00</b>	<b>8,000.00</b>	<b>7,500.00</b>	<b>500.00</b>
<b>Total Expenditures</b>	<b>610,049.00</b>	<b>610,049.00</b>	<b>577,089.84</b>	<b>32,959.16</b>
<b>Excess of Revenues Over</b>				
<b>(Under) Expenditures</b>	<b>(82,699.00)</b>	<b>(82,699.00)</b>	<b>11,295.65</b>	<b>93,994.65</b>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In (Out)	-	-	-	-
<b>Excess of Revenues &amp; Operating Transfers In Over</b>				
<b>(Under) Expenditures &amp; Operating Transfers Out</b>	<b>(82,699.00)</b>	<b>(82,699.00)</b>	<b>11,295.65</b>	<b>93,994.65</b>
<b>Fund Balance - Beginning of Year</b>	<b>82,699.00</b>	<b>82,699.00</b>	<b>562,393.41</b>	<b>479,694.41</b>
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 573,689.06</b>	<b>\$ 573,689.06</b>

**Township of Casco**  
Required Supplemental Information  
Budgetary Comparison Schedule  
Parks & Recreation Fund  
For The Year Ended March 31, 2006

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b><u>Revenues</u></b>				
Park Millage	\$ 17,152.00	\$ 17,152.00	\$ 18,000.62	\$ 848.62
Interest	1,174.00	1,174.00	11,525.25	10,351.25
Sale of Capital Assets	-	-	-	-
<b><u>Total Revenues</u></b>	<b>18,326.00</b>	<b>18,326.00</b>	<b>29,525.87</b>	<b>11,199.87</b>
<b><u>Expenditures</u></b>				
Miscellaneous	20,000.00	20,000.00	-	20,000.00
<b><u>Total Expenditures</u></b>	<b>20,000.00</b>	<b>20,000.00</b>	<b>-</b>	<b>20,000.00</b>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<b>(1,674.00)</b>	<b>(1,674.00)</b>	<b>29,525.87</b>	<b>31,199.87</b>
<b><u>Other Financing Sources</u></b>				
Operating Transfers In (Out)	-	-	-	-
<b><u>Excess of Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</u></b>	<b>(1,674.00)</b>	<b>(1,674.00)</b>	<b>29,525.87</b>	<b>31,199.87</b>
<b><u>Fund Balance - Beginning of Year</u></b>	<b>-</b>	<b>-</b>	<b>347,605.26</b>	<b>347,605.26</b>
<b><u>Fund Balance - End of Year</u></b>	<b>\$ (1,674.00)</b>	<b>\$ (1,674.00)</b>	<b>\$ 377,131.13</b>	<b>\$ 378,805.13</b>

**Township of Casco**  
Required Supplemental Information  
Budgetary Comparison Schedule  
Liquor Law Enforcement  
For The Year Ended March 31, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b><u>Revenues</u></b>				
State Shared Revenue	\$ 3,683.00	\$ 3,683.00	\$ 3,890.15	\$ 207.15
Interest	77.00	77.00	82.06	5.06
<b><u>Total Revenues</u></b>	<u>3,760.00</u>	<u>3,760.00</u>	<u>3,972.21</u>	<u>212.21</u>
<b><u>Expenditures</u></b>				
Liquor Law Inspector	3,168.00	3,168.00	3,281.76	(113.76)
Transportation	165.00	165.00	-	165.00
Miscellaneous	36.00	36.00	-	36.00
<b><u>Total Expenditures</u></b>	<u>3,369.00</u>	<u>3,369.00</u>	<u>3,281.76</u>	<u>87.24</u>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	391.00	391.00	690.45	299.45
<b><u>Other Financing Sources</u></b>				
Operating Transfers In (Out)	-	-	-	-
<b><u>Excess of Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</u></b>	391.00	391.00	690.45	299.45
<b><u>Fund Balance - Beginning of Year</u></b>	<u>-</u>	<u>-</u>	<u>8,742.34</u>	<u>8,742.34</u>
<b><u>Fund Balance - End of Year</u></b>	<u>\$ 391.00</u>	<u>\$ 391.00</u>	<u>\$ 9,432.79</u>	<u>\$ 9,041.79</u>